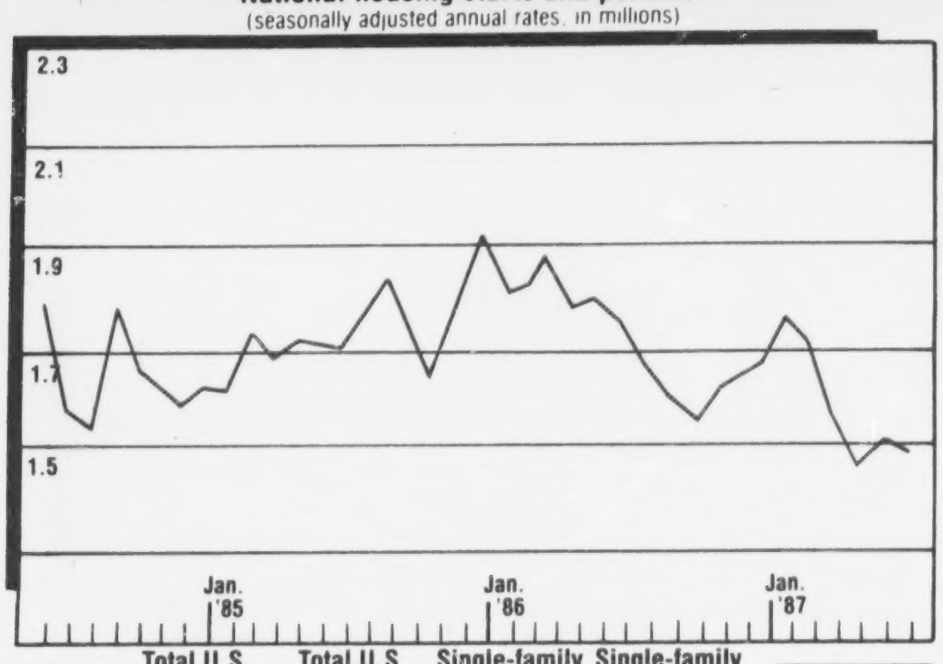
HOUSING WATCH

National housing starts and permits
(seasonally adjusted annual rates, in millions)

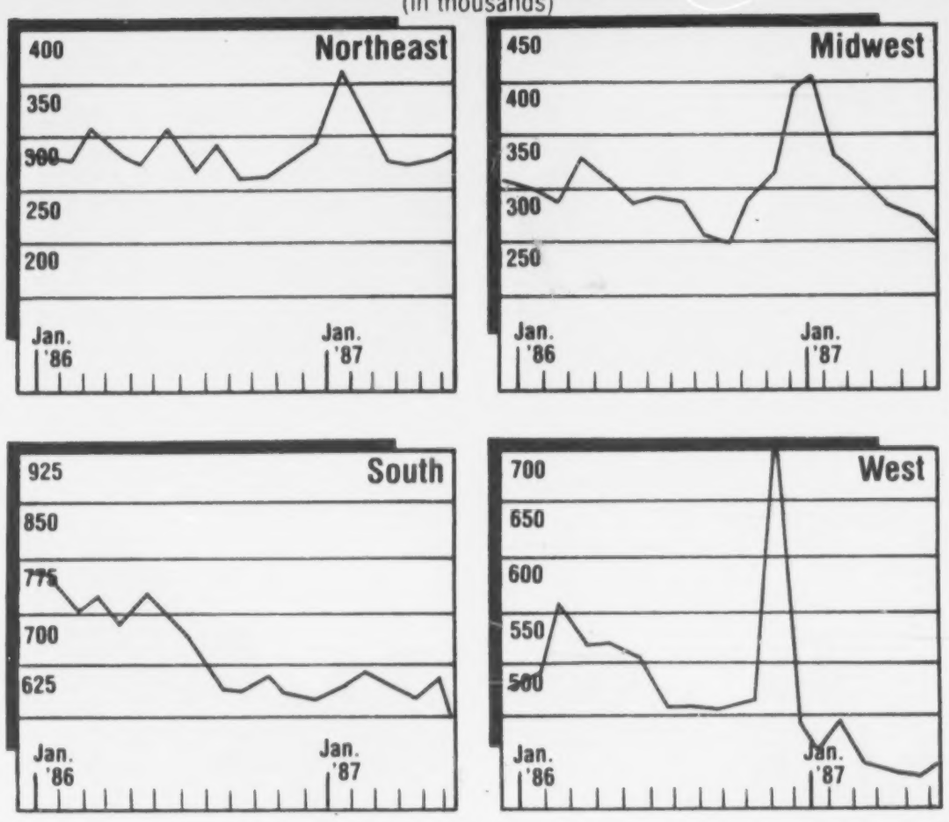


	Total U.S. starts	Total U.S. permits	Single-family starts	Single-family permits
July '87[p]	1,611	1,488	1,159	993
June '87[r]	1,590	1,517	1,096	1,039
July '86	1,786	1,778	1,147	1,098

[p]preliminary [r]revised Source: U.S. Commerce Department

Key: permits, starts

Regional housing starts and permits
(in thousands)



Start, permit action causes confusion with economists

By Ariane Sains
NHCN staff editor

NATIONAL REPORT — Housing starts were up in July, but building permits were down, prompting a cautious reaction from economists and construction industry observers.

The U.S. Commerce Department said starts rose just 0.9 percent nationally to 1,611,000 from 1,590,000 in June. But they were down from last July's 1,786,000.

Permits declined 1.9 percent from 1,517,000 in June to 1,488,000 in July. A year ago, 1,778,00 permits were issued.

Despite the drop, "we see continued strength in the single-family market for the remainder of the year," said David Fondelier, a U.S. Commerce Department spokesman.

"The housing market has settled down again after suffering from rising interest rates in May and June," said Lyle Gramley, chief economist for the Mortgage Bankers Association.

Regional Housing
July '87 (in thousands)

	starts	% chg.	permits	% chg.
Northeast	288	+ 9.0	282	+2.2
West	437	+ 0.2	404	+9.2
South	639	+ 5.8	550	−9.1
Midwest	247	−15.7	252	−5.3

n.c. = no change
Source: U.S. Commerce Department

But Gramley added, "We're looking at changes in starts and permits which are still too small to indicate a clear trend one way or another."

The South was hardest hit by declines in permits, experiencing a 9.1 percent drop. That was countered by a 9.2 percent increase in permits in the West. The Northeast posted a 2.2 percent gain, while the Midwest showed a 5.3 percent drop.

The Midwest showed a 15.7 percent decline in housing starts, but Fondelier warned that could be misleading.

"The sampling error in the Midwest is [plus or minus] 6 percent," he said. "So we really don't know if that figure represents the actual decline."

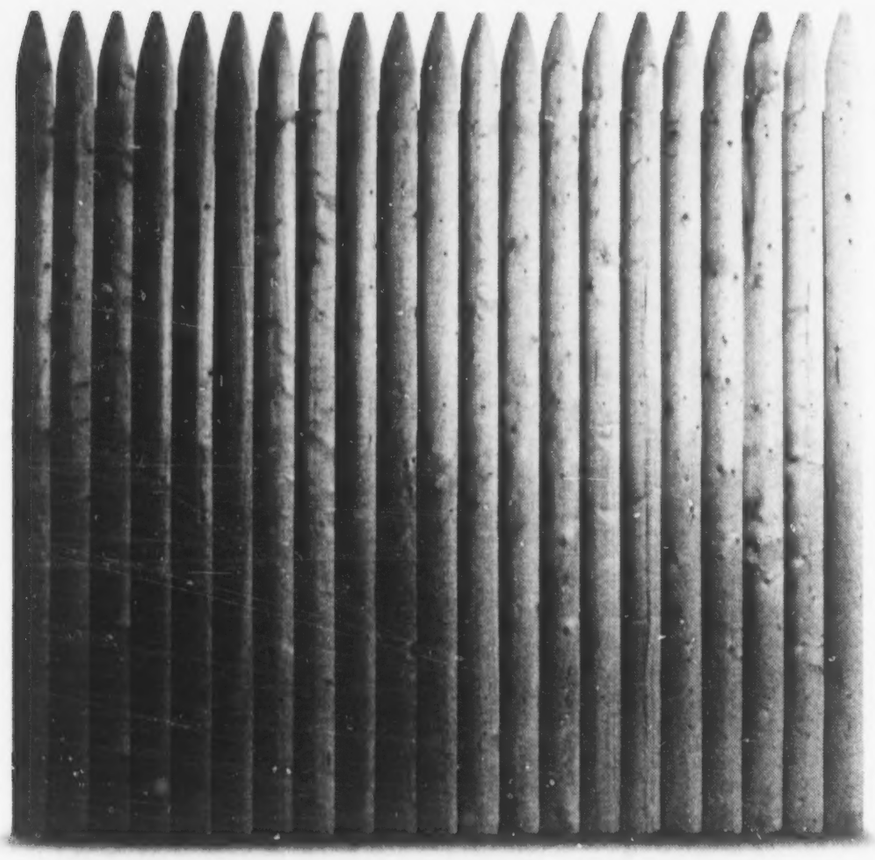
The sampling error for the country is plus or minus 3 percent, Fondelier said. But in the regional breakdowns the sample is smaller, so the margin for error is greater.

Starts were up 9.1 percent in the Northeast; 0.2 percent in the West and 5.8 percent in the South.

Single-family starts for July rose to 1,159,000 from 1,096,000 in June. They were also up from 1,147,000 a year ago.

But permits for single-family home construction were down, from 1,039,000 in June to 993,000 in July. That compares with 1,098,000 permits for July 1986.

What's the biggest difference between these two fences?



This Furman EASY-UP™ fence is here, ready for resale, delivered on time just when you want it. Which means it will be in your store when your *customers* want it.

This fence could be anywhere. Its maker doesn't have Furman's solid reputation for dependable delivery. And, no matter what you pay, if it's not available for resale, what good is it?

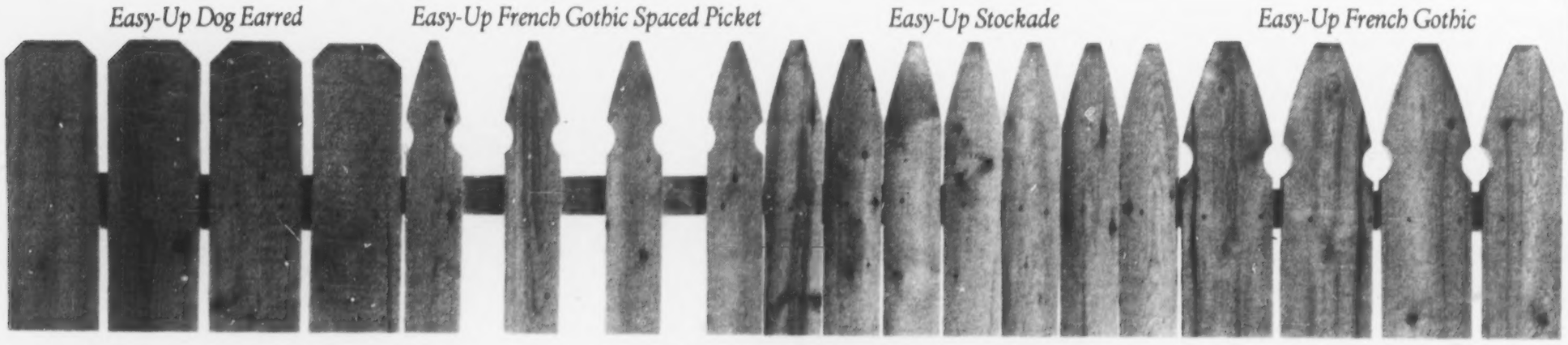
On-time delivery is only one reason Furman's customers come back again and again. Like them, you'll also like our competitive prices that *always* help you offer value. Our management system that gives you greater inventory control. Our consistently high quality. And our tremendous fencing selection, from privacy to split rail, in a variety of species and treatments.

Call Furman today to find out more. And ask about our cooperative advertising program and other selling aids. Call **toll-free 1-800-THE-WOOD** (843-9663). Or write to P.O. Box 96, Astor Station, Boston, MA 02123.

FURMAN LUMBER, INC.

EASY-UP is a trademark of Furman Lumber, Inc.

Easy-Up Dog Earred *Easy-Up French Gothic Spaced Picket* *Easy-Up Stockade* *Easy-Up French Gothic*

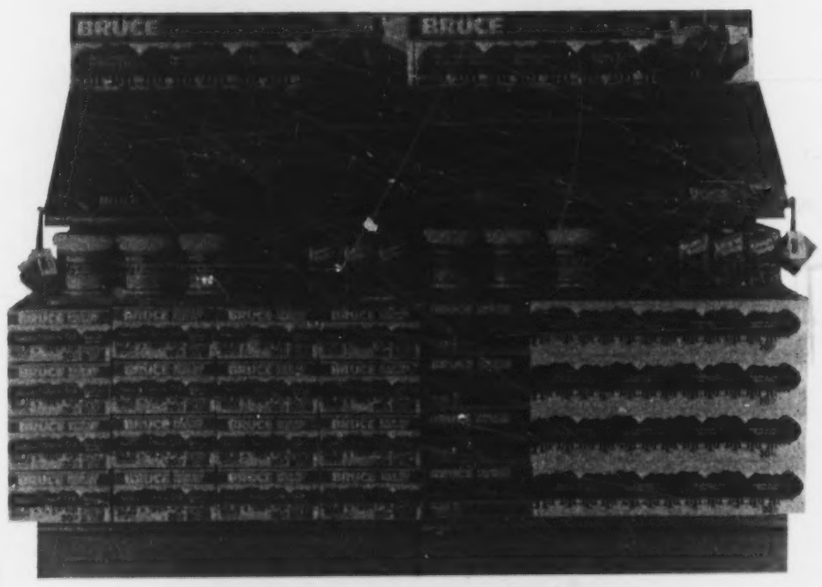


Circle 22 on Reader Service Card

Plane and Simple
Makita's 3¼" planer is the ideal tool for door installation, cabinetry work and much more. The powerful 4 AMP motor delivers 15,000 RPM so the two blade cutterhead makes 30,000 cuts per minute. A compact and lightweight design makes it easy to operate. All ball bearing construction makes it durable. For powerful planing it's as simple as Makita.
Model 1900BW
makita
IT'S ALL THE POWER YOU NEED
12950 E. Alondra Blvd. • Cerritos, CA 90701-2194 • Phone 213/926-8775

Circle 25 on Reader Service Card

Cash-in on the growing DIY Hardwood Flooring Market.



Bruce Hardwood Floors
DIY Planks & DIY Parquets
16803 Dallas Parkway • Dallas, TX 75248 • (214) 931-3000

Circle 26 on Reader Service Card

Umbrella Waterproofing Sealer protects against moisture damage.

Umbrella, by Klean-Strip, is a clear waterproofing sealer that forms a protective moisture barrier both on and beneath the surface of concrete, masonry, wood, canvas and fabrics. The handy aerosol can allows for easy application on tents, boots, rainwear and other fabrics. Waterproofing . . . easy as opening the Umbrella.

Call 1-800-238-2672 or write: Klean-Strip, P. O. Box 1879, Memphis, TN 38101 for more information.

Klean-Strip Memphis, Tennessee
Ontario, California

Quality Products That Really Work

Circle 27 on Reader Service Card

LUMBER REPORT

Plywood lawsuit comes to an end but technicalities slow payments

By Milford Prewitt
NHCN staff editor

NATIONAL REPORT—Harry Gabriel was one of the first to get involved, but one of the last to get paid.

Now that he is richer by more than $10,000, his share of the proceeds from a 19-year-long class action suit filed against plywood suppliers, Gabriel can now afford a good, lengthy vacation. Gabriel, whose Ponchatula, La., lumberyard initiated the class action almost a generation ago, said he's relieved the litigation is over.

It stands to bring dealers about $180 million in an out-of-court settlement. The suit pitted some 23,000 lumber dealers and home centers against three major plywood manufacturers which were accused of price fixing by putting Northwest freight and weight charges on plywood that was produced in the South. Experts believe the phantom charges artificially inflated the price of Southern plywood for 15 years or more.

Wayne Thomas, a Philadelphia lawyer who represented the claimants in the case, said checks ranging from a few hundred dollars to a high of $6.5 million were mailed out in early February.

Some dealers partially paid

But many companies are not getting the full portions because they failed to provide the accounting firm Arthur Young Co., Philadelphia, with proper documentation.

Some checks—referred to as Exhibit B checks—were mailed out May 15 to dealers who failed to provide the accounting firm with federal ID numbers and only received 80 percent of the amount of their settlement award. The remaining 20 percent may not be available until the end of the year, since the money could be held for tax purposes.

The National Lumber & Building Material Dealers Association (NLBMDA) is advising dealers to cash their 80 percent checks and send in their federal ID numbers for the remaining 20 percent.

About $10 million remains in the settlement account, of which $5 million represents outstanding checks drawn against the remaining sum but not cashed.

Authorities are still seeking to compensate several dozen dealers who have not been paid because they could not be located. Even though many lumberyards relocated or went out of business in the two decades over which the suit was litigated, heirs or former business operators are nonetheless eligible for proceeds from the settlement fund.

For companies that fit in this category, proof of plywood purchases between February 1968 and December 1972 should be forwarded to the Arthur Young Co. in Philadelphia.

Tax returns, plywood purchasing records and other pertinent documents should be mailed to Arthur Young Co., Plywood Anti-trust Litigation Claim Administration, Box 30059, Philadelphia, Pa., 19103. A spokesperson for the firm said phone calls about individual cases will not be entertained.

Assoc. thanked by dealers

Meanwhile, the Louisiana Building Materials Dealers Association (LBMDA) was pleased to report that several dealers from around the nation have forwarded a portion of their settlement awards to the group.

Many small lumber dealers in Louisiana, including Harry Gabriel, were infuriated that large, national chains received awards in the millions of dollars (based on how much plywood they purchased over the time in question), even though these operators are seen as having done little to advance their own argument in court. The NLBMDA agreed with the Louisiana chapter and spearheaded its own efforts to remind dealers to send money to the LBMDA, which invested the most time and money to fight for their dealers' cause.

Elsie Hamway, executive secretary of the LBMDA, said checks ranging from a few cents to as much as a $1,000 have been sent to the group by dealers from around the nation.

"It's coming in in dribbles," Hamway said, "but in the initial settlement, it really came in heavy. We're very happy."

Hamway was unable to estimate total donations.

New Colorado lien law leaves local bldg. material dealers livid

By an NHCN staff editor

DENVER — Lumber and building material dealers here are livid over a new law in Colorado that stops them from securing compensation from homeowners when contractors or remodelers fail to pay for materials used at a job site.

Before Colorado's new lien law was enacted, lumber and building material dealers could file liens to secure payment from property owners whenever builders were unable to pay for materials used at a construction site.

Stops double payment

The new law exempts homeowners from having to pay twice if they can prove they paid their contractor in full.

Fran Lowe, credit manager for Alpine Lumber, a five-unit contractor-oriented company and an arch opponent of the new legislation, said retailers will be forced to clamp down on the kind of credit they extend and will have to institute stronger policies to insure that they will be paid.

The newest 'self-help' book

She added the most disturbing aspect about the new law is tnat it comes at a time when the frequency of non-payment by contractors and remodelers has been worsening rather than improving.

Lowe was so incensed by the May law that she has written a book listing some 20 methods retailers can use to tighten credit and not be adversely affected by the new legislation.

Unlike Texas lumber dealers—who recently won a fight to revise their state's lien laws with the passage of new legislation that seeks criminal prosecution if a contractor spends bank loans on projects other than the one for which the loan is granted—Colorado dealers are up against a law which seeks to protect homeowners, the most formidable consumer voters.

"There is no chance that we can repeal it," Lowe lamented. "The big problem with this, of course, is that as suppliers we never know when a closing has taken place on a house and when that happens, we lose our lien rights.

Does not expect voter repeal

"What this law says is that if a homeowner can now prove that he paid the contractor, he doesn't have to pay the suppliers, and so, it puts us at a disadvantage. All the law will do is force people to look very, very closely at credit."

While Lowe conceded it would be wrong for homeowners to pay twice for materials used in their homes, she insisted that in the past, when contractors skipped on paying their bills, the homeowner was able to apply pressure on the builder or the remodeler to pay the lumber dealer.

Continued opposition urged

The lien law, which has been submitted in the Colorado legislature for the past three years, enjoys widespread support from the state's voters and legislators, and may not be seriously changed for some time to come, even though a coalition of lumber dealers and other suppliers is being formed to revise the legislation in Colorado's next legislative session.

The Mountain States Lumber and Building Material Dealers Association, which is based in Englewood, Colo., and represents dealers in the Rocky Mountain states, is urging its members to continue to file liens as early as possible and to re-examine their credit practices with contractors.

FINANCIAL NEWS

Greater equity strengthens home center foundations

By Phillip M. Perry
NHCN staff editor

Are home center companies better off today than they were a year ago?

The answer is clearly yes, and only part of the reason is the well-publicized consumer shopping activity that is causing home center earnings to rebound.

Behind the Numbers

A review of annual reports released over the past few months from a dozen home improvement retailers reveals that, in 1986, a concerted effort was made to pare debt and strengthen company foundations with more owners' funds.

Now, home centers are experiencing the fruits of these efforts. With less debt, they are making smaller interest payments. So a greater portion of the higher sales they are experiencing translates into earnings.

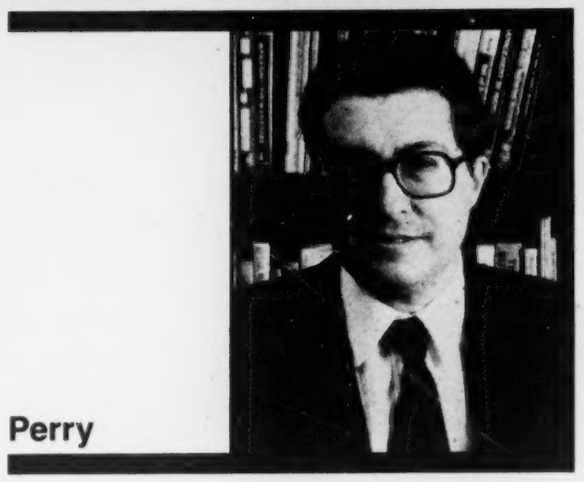
Furthermore, smaller interest payments mean companies are better positioned to weather sudden downturns in the economy. Firms will be better able to meet their interest payments should sales and operating earnings drop.

Until home centers return to an expansionist mode, it appears the days of heavy debt are over.

"In 1985, these companies had big problems with a promotional market," says Pam Stubing, vice president at Moody's, the New York debt rating agency.

"Builders Square began buying a share of the [retail home improvement] market, and others had to react."

Concurrently with this, some companies were increasing their debt to buy stores from competitors leaving the field.



Perry

Debt ratios improve

By last year, however, it became apparent to most of these companies not only that they had raised enough cash, but also that it was time to pay more attention to pulling up earnings from the assets they already possessed.

One measurement that casts into high relief the effort to pare debt is that of "debt to total capitalization." This ratio is calculated first by adding total long-term debt to stockholder's equity, then dividing long-term debt by the resulting number.

The recent reports show a dramatic drop in that ratio at nearly every home center chain.

At Lowe's, for example, long-term debt accounted for 31.1 percent of total capitalization in 1985 but only 22.1 percent in 1986.

Comparable figures for other chains include a drop from 38.9 percent to 35.2 pecent at Hechinger; 39.2 percent to 37.8 percent at Pay 'N Pak; and 36.4 percent to 34.6 percent at Wolohan.

An especially steep drop occurred at companies undergoing fundamental changes in their structures as a result of either changing expansion strategies or recapitalizations.

Home Center Interest Coverage
(Operating Earnings divided by Interest Expense)

Lowe's	7.4
Payless Cashways	6.3
Scotty's	5.9
Wolohan Lumber	5.0
Hechinger	4.8
The Home Depot	4.8
Pay 'N Pak	2.3
Median	5.0

Operating earnings exclude interest income or revenues other than sales.
Source: Company reports. *NHCN* chart.

The Home Depot offers a dramatic example. Long-term debt accounted for 69.3 percent of total capitalization in 1985 but fell to 42 percent the following year.

The Atlanta-based company experienced a rebound in net earnings that resulted from a pulling back of expansion-related expenses. At the same time, a public stock offering bolstered equity even further.

Two companies that went public were able to report dramatic plunges in debt as a result therof.

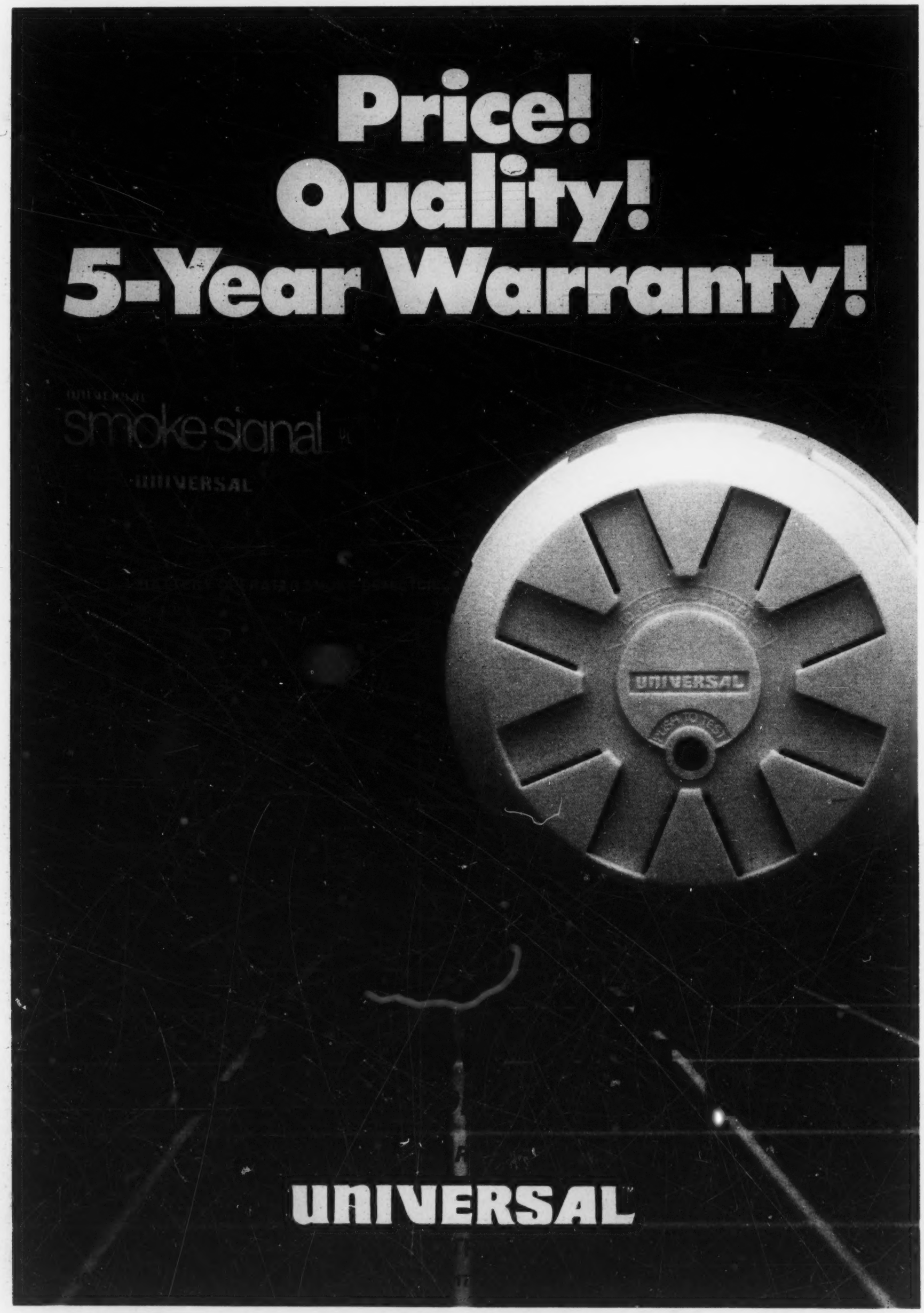
General Building Products' numbers dropped from 40 percent in 1985 to 16.9 percent in 1986. At Strober Organization, the comparable figures went from 20.6 percent to 7.3 percent.

One insight into the ability of a company to keep covering its interest payments in the case of economic downturn can be gleaned from its interest coverage ratio.

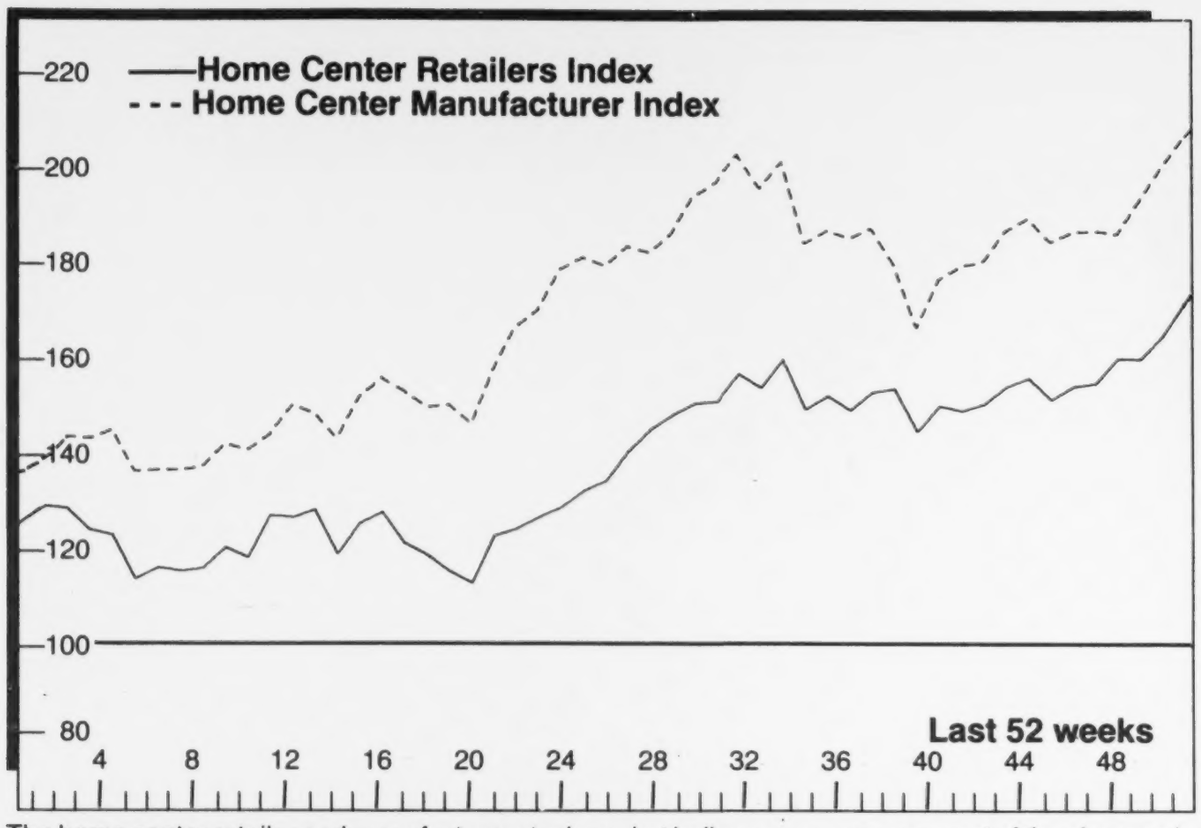
Interest coverage can be calculated by dividing operating earnings by interest expense. Operating earnings exclude interest income and other non-sales revenues.

Most of the companies reporting a decrease in reliance on debt last year experienced more favorable interest coverage as well.

At Hechinger, coverage increased from 3.7 times in 1985 to 4.8 times in 1986. The Home Depot went from 1.9 to 4.8, and Payless Cashways went from 4.8 to 6.3.



Circle 084 on Reader Service Card

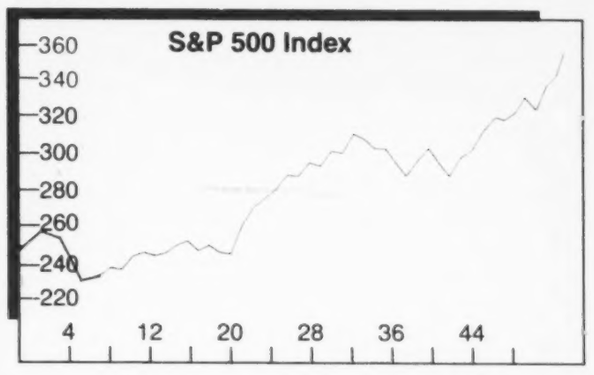


The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on February 5, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
8-21-87	(100)	%	%
Hechinger A M	45,622	620.9	3.1
La Pacific N	38,389	290.3	17.4
K mart Cp N	123,922	266.1	3.3
Strober Organiz M	2,279	253.8	- 12.8
Wolohan Lumber M	3,885	228.2	11.9
Walter, Jim N	67,734	223.3	.8
Thos Inds N	1,235	217.9	6.7
Grossman's Inc M	30,234	213.7	8.3
Waxman Ind M	2,166	212.3	6.6
Sherwin-Wms N	13,865	208.9	.4

The Volume Trend Change is the per cent difference between the latest 2-week average volume and the previous 12-week average volume.*



PRICE MOVEMENT

Winners Company & Market	2-Weeks Ended 8-21	2-Week Price Change	Total 2-Week Volume
8-21-87	$	%	(100)
La Pacific N	38.00	17.4	38,389
Wolohan Lumber M	18.75	11.9	3,885
Grossman's Inc M	9.75	8.3	30,234
Masco Corp N	38.75	7.6	40,221
Thos Inds N	22.00	6.7	1,235
Waxman Ind M	12.13	6.6	2,166
Insilco Corp N	24.63	5.9	6,892
Moore Handley M	9.00	5.9	292
Sears, Roebuck N	58.00	5.2	117,861
Hechinger B M	25.75	5.1	1,211
Losers	$	%	(100)
Wickes n N	18.38	- 13.5	13,261
Strober Organiz M	10.25	- 12.8	2,279
Natl Lumber M	5.00	- 9.1	349
Payless Cash N	22.50	- 7.7	17,642
Mor-Flo Inds M	11.25	- 6.3	325
Manville Cp N	3.75	- 6.3	8,057
Lewis Palmer M	8.25	- 4.3	1,673
Nortek Inc N	13.50	- 3.6	4,632
Clairson Intl M	10.00	- 3.6	2,471
Std Brd Pnt N	30.50	- 3.6	10,682

National Home Center News

HOME CENTER MARKET SUMMARY

Stock Market

Company and Market	2-Weeks Ended 8-21-87	Price 2-Weeks Change Amt.	Price 2-Weeks Change Pct.	Price 2-Week Range High	Price 2-Week Range Low	Price 52-Week Range High	Price 52-Week Range Low	Volume 2-Weeks Shares Traded Total	Volume 2-Weeks Shares Traded % Out	Volume 12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%
Retailers														
Grossman's Inc M	9.75	.75	8.3	10.00	9.13	11.25	6.75	30,234	15.12	4.82	213.7	NE	.00	.0
Hechinger A M	25.25	.75	3.1	26.50	24.75	26.50	16.00	45,622	41.74	5.79	620.9	NA	.16	.6
Hechinger B M	25.75	1.25	5.1	26.75	25.00	26.75	16.25	1,211	.74	.32	131.3	25.8	.06	.2
Home Depot N	41.50	1.63	4.1	42.13	39.25	42.13	16.50	15,979	5.42	2.29	136.7	30.7	.02	.0
INTERCO Inc N	52.50	.13	.2	54.00	50.50	54.00	36.63	11,302	3.96	2.15	84.2	16.0	1.60	3.0
K mart Cp N	46.63	1.50	3.3	48.38	44.50	48.38	28.84	123,922	6.15	1.68	266.1	14.5	1.16	2.5
Lowe's Cos N	28.13	- .63	- 2.2	29.38	27.75	32.75	22.50	10,247	2.59	1.36	90.4	19.7	.44	1.6
Natl Hardgoods M	8.88	.38	4.4	9.25	8.75	10.00	6.88	145	1.18	1.15	2.6	12.7	.00a	.0
Natl Lumber M	5.00	- .50	- 9.1	5.25	5.00	7.50	4.00	349	.62	.35	77.1	NE	.00	.0
Pay n Pak N	20.63	.50	2.5	20.75	20.13	21.50	9.50	1,082	1.08	6.36	- 83.0	26.4	.40	1.9
Payless Cash N	22.50	- 1.88	- 7.7	24.50	22.25	26.88	15.88	17,642	5.09	1.96	159.7	17.7	.16	.7
Scotty's Inc N	14.38	- .50	- 3.4	15.25	14.25	15.88	12.00	1,346	.93	.52	78.8	19.4	.52	3.6
Sears, Roebuck N	58.00	2.88	5.2	59.50	55.38	59.50	39.00	117,861	3.13	1.09	187.2	14.1	2.00	3.4
Std Brd Pnt N	30.50	- 1.13	- 3.6	31.88	29.75	31.88	20.50	10,682	9.51	6.34	50.0	22.9	.60	2.0
Strober Organiz M	10.25	- 1.50	- 12.8	11.75	9.25	15.25	10.25	2,279	3.75	1.06	253.8	10.9	.00	.0
Supermkts Gen N	39.50	.25	.6	39.63	39.00	46.75	22.50	1,974	.51	.56	- 8.9	25.8	.28	.7
Wickes n N	18.38	- 2.88	- 13.5	21.88	17.63	26.88	15.63	13,261	2.77	1.76	57.4	6.1	.00	.0
Wolohan Lumber M	18.75	2.00	11.9	18.75	16.50	18.75	7.50	3,885	6.63	2.02	228.2	15.2	.20	1.1
Zayre Corp N	30.88	.00	.0	31.75	29.50	32.88	20.75	48,623	8.24	5.12	60.9	18.9	.40	1.3
Wholesalers														
Hughes Supply N	28.63	1.25	4.6	29.00	27.00	29.00	20.63	552	1.67	.68	145.6	13.3	.40	1.4
Moore Handley M	9.00	.50	5.9	9.00	8.00	15.00	6.75	292	1.17	1.51	- 22.5	20.5	.00	.0
Lewis Palmer M	8.25	- .38	- 4.3	8.75	8.25	9.88	7.25	1,673	4.18	1.59	162.9	20.6	.28	3.4
Stanline Inc M	13.25	.00	.0	13.50	12.50	13.75	8.00	573	3.38	1.82	85.7	12.5	.32b	2.4
Manufacturers														
Am Consum Prods M	14.00	.25	1.8	14.00	13.50	14.25	8.50	284	1.37	2.76	- 50.4	20.9	.00	.0
Am Standard N	52.00	1.63	3.2	53.00	50.50	53.00	36.00	13,012	4.04	1.47	174.8	13.9	1.80	3.5
Am Woodmark M	14.75	.00	.0	15.25	14.38	17.13	10.00	433	.63	.62	1.6	14.6	.00	.0
Armstrng Wrld N	44.75	1.00	2.3	47.38	42.00	47.38	24.88	25,807	5.45	1.89	188.4	15.4	.90	2.0
Black & Decker N	26.38	.25	1.0	26.50	25.63	26.50	15.38	30,778	5.30	2.27	133.5	36.6	.40	1.5
Boise Cascade N	82.38	2.00	2.5	84.63	79.88	86.88	55.75	11,118	3.82	1.98	92.9	21.2	1.90	2.3
Certain-teed N	44.75	1.13	2.6	45.50	43.25	45.50	26.88	3,073	1.62	.69	134.8	14.2	1.00	2.2
Champ Intl N	40.63	.88	2.2	40.75	39.00	43.50	24.38	53,991	5.73	2.12	170.3	11.3	.80	2.0
Clairson Intl M	10.00	- .38	- 3.6	10.75	9.50	18.25	10.00	2,471	4.86	3.16	53.8	23.3	.00	.0
Cooper Indus N	70.00	1.13	1.6	71.88	66.25	71.88	37.75	11,330	2.28	1.46	56.2	21.7	1.68	2.4
DeSoto Inc N	41.50	1.13	2.8	41.88	40.38	43.75	34.25	400	1.01	.69	46.4	26.6	1.40	3.4
Emhart Corp N	50.50	- .50	- 1.0	51.13	47.50	51.25	30.75	6,766	2.17	.89	143.8	NM	1.60	3.2
Georgia Pacific N	46.25	.25	.5	46.63	44.50	52.75	33.00	69,002	6.24	2.38	162.2	12.5	1.00	2.2
Insilco Corp N	24.63	1.38	5.9	28.13	23.13	28.13	18.31	6,892	3.31	1.30	154.6	15.6	1.00b	4.1
La Pacific N	38.00	5.63	17.4	38.00	32.13	39.63	24.28	38,389	10.03	2.57	290.3	15.7	.80b	2.1
Macmillan Bloedel M	21.75	- .13	- .6	22.38	21.38	22.38	8.44	14,838	1.46	.80	82.5	NA	.68	NA
Manville Cp N	3.75	- .25	- 6.3	4.00	3.63	5.38	1.63	8,057	3.36	4.84	- 30.6	.9	.00	.0
Masco Corp N	38.75	2.75	7.6	39.00	35.88	40.88	23.50	40,221	3.04	.99	207.1	22.4	.40	1.0
Mor-Flo Inds M	11.25	- .75	- 6.3	11.75	11.25	14.50	11.25	325	1.30	.47	176.6	NM	.01	.1
Newell Co N	39.38	1.63	4.3	42.50	37.63	42.50	24.00	3,173	2.76	1.25	120.8	17.0	.84	2.1
Nortek Inc N	13.50	- .50	- 3.6	14.38	13.13	17.38	11.75	4,632	2.85	1.15	147.8	10.9	.10	.7
Owens Corn N	25.88	.13	.5	26.50	24.38	32.38	8.88	21,427	5.72	3.50	63.4	NA	.00	.0
Ply-Gem A	17.38	.38	2.2	17.75	16.50	18.13	10.00	2,508	2.25	.97	132.0	17.9	.12	.7
Pope & Talbot N	22.88	- .25	- 1.1	23.38	21.50	24.50	9.50	2,471	2.06	1.15	79.1	10.4	.44	1.9
Potlatch Cp N	37.75	1.00	2.7	38.25	35.00	41.88	25.75	5,949	2.23	1.21	84.3	13.8	.84	2.2
PPG Inds N	48.38	- .25	- .5	50.38	46.50	53.50	31.75	38,662	3.24	1.46	121.9	16.8	1.08	2.2
Sherwin-Wms N	35.13	.13	.4	36.13	34.00	38.50	22.75	13,865	3.12	1.01	208.9	14.6	.56	1.6
Stanley Works N	35.50	1.50	4.4	35.63	33.63	35.88	24.00	6,145	1.44	.53	171.7	17.8	.76	2.1
Thos Inds N	22.00	1.38	6.7	22.00	20.50	22.63	15.50	1,235	1.24	.39	217.9	15.7	.68b	3.1
Triangle Ind N	41.38	.63	1.5	43.00	39.75	43.00	23.13	5,208	2.16	1.66	30.1	16.4	.12	.3
Union Camp N	45.00	.00	.0	46.00	42.13	48.19	33.19	26,741	3.63	1.46	148.6	19.3	1.16	2.6
USG Corp N	40.38	.75	1.9	41.50	39.63	46.50	31.00	16,906	3.31	1.74	90.2	9.3	1.12	2.8
Walter, Jim N	60.63	.50	.8	61.00	58.13	62.38	32.41	67,734	17.07	5.28	223.3	17.3	1.20	2.0
Waxman Ind M	12.13	.75	6.6	12.63	11.88	13.25	6.34	2,166	3.31	1.06	212.3	16.8	.08	.7
Weyerhaeuser N	53.75	- 1.00	- 1.8	56.88	53.00	60.00	33.75	57,577	4.25	1.73	145.7	21.3	1.30	2.4

Financial Update

Company and Market	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
-	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers															
Grossman's Inc M	.....	6 mos.	06-87	310.7	32.3	8.2	NE	.41	NE	502.7	7.0	1.7	NE	.09	NE
Hechinger A M	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	.....	3 mos.	04-87	164.8	20.4	7.6	55.1	.24	50.0	164.8	20.4	7.6	55.1	.24	50.0
Home Depot N	NEW	6 mos.	07-87	381.4	44.7	15.6	116.7	.50	78.6	715.4	47.2	28.4	130.9	.93	93.8
INTERCO Inc N	.....	3 mos.	05-87	781.4	34.9	26.5	84.0	.62	34.8	781.4	34.9	26.5	84.0	.62	34.8
K mart Cp N	NEW	6 mos.	07-87	6304.3	5.4	145.4	22.8	.71	22.4	11898.7	6.3	260.9	24.2	1.28	21.9
Lowe's Cos N	.....	3 mos.	04-87	569.2	6.6	12.9	13.2	.33	6.5	569.2	6.6	12.9	13.2	.33	6.5
Natl Hardgoods M	.....	3 mos.	04-87	8.8	35.4	.0	NC	.03	.0	8.8	35.4	.0	NC	.03	.0
Natl Lumber M	.....	*	04-87	NC	NC	NC	NC	NC	NC	38.2	NC	.1	NC	.01	NC
Pay n Pak N	.....	3 mos.	05-87	115.4	9.8	4.4	91.3	.44	91.3	115.4	9.8	4.4	91.3	.44	91.3
Payless Cash N	.....	6 mos.	05-87	489.8	14.2	16.2	3.8	.47	4.4	821.9	16.9	19.7	9.4	.57	9.6
Scotty's Inc N	.....	9 mos.	03-87	134.6	4.8	3.0	- 26.8	.21	- 25.0	378.9	5.5	7.0	- 27.8	.48	- 28.4
Sears, Roebuck N	.....	6 mos.	06-87	11718.0	9.0	390.4	37.0	1.03	33.8	22198.0	10.2	678.3	41.3	1.78	38.0
Std Brd Pnt N	.....	fiscal	01-87	73.7	2.9	2.7	68.8	.24	71.4	326.6	- 3.4	15.0	- 5.1	1.33	- 5.0
Strober Organiz M	NEW	6 mos.	06-87	26.3		1.6		.26		47.6		2.6		.43	
Supermkts Gen N	.....	3 mos.	04-87	1401.1	4.8	10.4	- 15.4	.27	- 20.6	1401.1	4.8	10.4	- 15.4	.27	- 20.6
Wickes n N	.....	3 mos.	04-87	1540.4	54.8	82.7	426.8	1.70	1600.0	1540.4	54.8	82.7	426.8	1.70	1600.0
Wolohan Lumber M	.....	6 mos.	06-87	64.6	17.2	2.6	44.4	.43	43.3	105.6	26.9	3.6	111.8	.61	117.9
Zayre Corp N	.....	3 mos.	04-87	1295.8	24.1	21.0	25.7	.36	28.6	1295.8	24.1	21.0	25.7	.36	28.6
Wholesalers															
Hughes Supply N	.....	3 mos.	04-87	95.8	9.6	2.0	25.0	.58	9.4	95.8	9.6	2.0	25.0	.58	9.4
Moore Handley M	.....	6 mos.	06-87	23.4	14.1	.4	.0	.14	- 6.7	47.0	14.9	.7	.0	.28	- 20.0
Lewis Palmer M	.....	3 mos.	04-87	52.9	56.5	.3	200.0	.09	350.0	52.9	56.5	.3	200.0	.09	350.0
Stanline Inc M	.....	6 mos.	04-87	17.3	23.6	.6	100.0	.30	42.9	31.3	14.2	.9	50.0	.50	38.9
Manufacturers															
Am Consum Prods M	.....	6 mos.	06-87	10.5	20.7	.4	100.0	.20	5.3	19.7	18.7	.7	250.0	.34	61.9
Am Standard N	.....	6 mos.	06-87	878.1	12.0	39.2	- 51.1	1.24	- 41.8	1657.8	13.5	60.8	- 53.3	1.89	- 44.9
Am Woodmark M	.....	fiscal	04-87	29.3	20.1	1.5	25.0	.22	- 4.3	115.8	18.9	6.8	51.1	1.01	12.2
Armstrng Wrld N	.....	6 mos.	06-87	596.6	22.5	41.1	21.6	.87	24.3	1137.7	23.9	73.0	28.7	1.54	30.5
Black & Decker N	.....	9 mos.	06-87	465.0	11.6	9.0	221.4	.15	400.0	1432.7	5.9	40.6	60.5	.69	50.0
Boise Cascade N	.....	6 mos.	06-87	936.0	.0	35.2	12.5	1.16	8.4	1848.2	.2	75.4	33.9	2.47	30.0
Certain-teed N	.....	6 mos.	06-87	290.7	1.6	14.8	- 8.6	.77	- 9.4	557.5	3.0	29.3	9.7	1.54	9.2
Champ Intl N	.....	6 mos.	06-87	1161.0	5.9	155.7	208.3	1.64	221.6	2258.2	1.8	211.2	191.3	2.23	214.1
Clairson Intl M	.....	9 mos.	06-87	18.6	30.1	.5	.0	.08	- 38.5	53.8	26.0	1.5	7.1	.30	- 21.1
Cooper Indus N	.....	6 mos.	06-87	895.2	- .6	45.4	23.7	.91	19.7	1695.7	- 4.1	73.0	16.8	1.47	14.0
DeSoto Inc N	.....	6 mos.	06-87	118.7	- 9.7	6.8	38.8	1.73	69.6	209.0	- 8.5	9.0	23.3	2.27	48.4
Emhart Corp N	.....	6 mos.	06-87	629.0	19.2	28.8	37.8	.92	29.6	1231.6	18.7	56.8	42.0	1.82	30.9
Georgia Pacific N	.....	6 mos.	06-87	2095.0	8.6	148.0	72.1	1.35	70.9	3950.0	11.8	228.0	96.6	2.06	98.1
Insilco Corp N	.....	6 mos.	06-87	172.9	- 12.3	10.6	- 7.8	.50	- 9.1	348.6	- 7.6	18.4	.5	.87	.0
La Pacific N	.....	6 mos.	06-87	488.8	24.1	34.8	42.0	.91	40.0	911.7	27.2	51.1	97.3	1.34	94.2
Macmillan Bloedel M	.....	6 mos.	06-87	806.8	15.5	74.6	51.9	.68	58.1	1526.2	16.3	135.0	72.4	1.22	84.8
Manville Cp N	.....	6 mos.	06-87	517.9	5.6	41.1	63.1	1.46	84.8	992.9	4.9	84.0	125.8	2.98	189.3
Masco Corp N	.....	6 mos.	06-87	489.0	49.5	65.8	27.5	.50	25.0	939.0	47.9	121.3	25.4	.92	22.7
Mor-Flo Inds M	NEW	6 mos.	06-87	49.8	3.1	.1	- 87.5	.05	- 84.4	105.3	4.6	.7	- 53.3	.30	- 50.0
Newell Co N	.....	6 mos.	06-87	94.7	- .4	6.5	27.5	.54	17.4	196.0	3.4	12.6	37.0	1.05	16.7
Nortek Inc N	.....	6 mos.	06-87	333.0	48.8	2.0	- 81.8	.13	- 87.7	623.4	61.0	11.2	- 45.9	.70	- 65.2
Owens Corn N	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ply-Gem A	NEW	6 mos.	06-87	82.1	38.9	3.8	58.3	.32	6.7	152.7	39.2	7.1	61.4	.61	8.9
Pope & Talbot N	.....	6 mos.	06-87	106.3	39.7	7.2	100.0	.60	93.5	206.6	37.5	13.9	348.4	1.15	342.3
Potlatch Cp N	.....	6 mos.	06-87	243.9	- 2.4	22.3	14.4	.80	14.3	492.5	1.9	40.1	21.1	1.43	21.2
PPG Inds N	NEW	6 mos.	06-87	1333.7	10.3	102.4	11.5	.85	10.4	2594.5	10.6	189.3	17.6	1.58	16.2
Sherwin-Wms N	.....	6 mos.	06-87	491.6	13.8	32.4	- 8.0	.72	10.8	872.1	14.1	40.6	- 3.6	.90	12.5
Stanley Works N	.....	6 mos.	06-87	433.5	7.7	23.2	13.2	.54	10.2	850.3	17.0	42.4	20.5	.98	16.7
Thos Inds N	.....	6 mos.	06-87	80.3	4.2	4.8	11.6	.48	14.3	159.0	7.5	8.6	14.7	.86	14.7
Triangle Ind N	.....	6 mos.	06-87	1189.2	71.3	38.1	95.4	1.30	- 10.3	2101.4	78.4	44.4	95.6	1.50	- 3.2
Union Camp N	.....	6 mos.	06-87	577.6	15.7	47.8	67.1	.65	66.7	1114.6	12.1	92.0	81.8	1.25	81.2
USG Corp N	.....	6 mos.	06-87	726.3	- 3.5	58.1	- 23.8	1.13	- 1.7	1419.5	3.3	143.1	11.9	2.78	41.8
Walter, Jim N	.....	9 mos.	05-87	610.4	- 2.6	46.7	21.3	.60	- 53.5	1719.8	.8	112.6	27.2	2.22	- 8.6
Waxman Ind M	.....	9 mos.	03-87	31.0	22.5	.9	28.6	.15	- 34.8	84.7	20.8	2.5	38.9	.40	- 31.0
Weyerhaeuser N	.....	6 mos.	06-87	1769.2	18.2	89.2	30.4	.63	37.0	3386.5	20.8	191.1	61.4	1.38	79.2

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

C5150-6
9/28/87

00000530 HL
CONGRESSIONAL INFO INC
4520 EAST-WEST HWY/STE 8 1GX
WASHINGTON DC 20014

National
Home Center News ®

Vol. 13, No. 19 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. September 21, 1987

Payless consolidates operations; two top managers resign

John Caulfield
NHCN staff editor

KANSAS CITY, Mo. — Payless Cashways, the 188-unit chain based here, has integrated its merchandising and marketing departments into a single unit, to be run by Dale Pond, a six-year veteran of the chain who assumes the new position of senior vp-marketing/merchandising.

Concurrent with this restructuring, which has been in the works since the spring, is the company's attempt to get its store personnel to better utilize the data on merchandising and inventory control disseminated by its corporate information system.

To that end, Payless has promoted its controller, David O'Halloran, to the new post of vp-information systems and services.

(Continued on page 75)

Westlake signs intent letter for 21 Lindsley units in Fla.

By Gary S. Ruderman
NHCN staff editor

SAN ANTONIO, Texas — The Lone Star Hardware division of Westlake Hardware, Inc., has signed a letter of intent to purchase the 21 Lindsley Home Decorating Centers in the Miami area.

The tentative agreement, signed September 1, calls for Lone Star and the holding company owning Lindsley's assets—Asset Holding Co.—to sign a contract by September 15 and close by late fall, according to Tom Seifert, executive vp and general manager of Lindsley, based in Miami Lakes, Fla.

Asset Holding Co. was set up to sell all the assets of Evans Products, except that became part of Grossman's Inc. when Grossman's emerged as a new company following the reorganization of Evans from Chapter 11 last November.

No information was available on a possible sale price. Scott Westlake, president of Westlake, said only that the potential purchase was part of a long-term, growth-through-acquisition strategy for his company. William Nightingale, president of Nightingale

(Continued on page 75)

Scott Westlake, president of Westlake Hardware. NHCN photo

Public demand drives natural chemical sales

By Suzanne Floyd
NHCN staff editor

NATIONAL REPORT — Consumer demand prompted many retailers to stock biodegradable herbicides, pesticides and fertilizer products this summer. And those that did found them to emerge as a growing category.

"This year the demand is up 50 percent," said Elton Keller, lawn and garden business manager for Agway, Dewitt, N.Y. "With all the news in the media concerning pollution, there tends to be a trend toward using natural products again."

Natural, biodegradable or organic are loose terms used to describe lawn and garden products whose chemical breakdown is natural and do not leave a harmful residue in the environment. The terms "natural" and "organic" are used interchangeably by retailers and manufacturers.

That this category—whose products can be more than 20 percent more expensive at retail than other chemicals—appears ready to break out may be best exemplified by the serious consideration Ortho, the

(Continued on page 76)

BLACK&DECKER
POWER TOOLS
REBATE
COUPON
$
7144 3/8 in. VSR Drill, 7548 VS Jig Saw, 7804 1 HP Router, 9751 Hsvr 'N Strip™ Heat Gun, 9752 Heat 'N Strip™ Heat Gun, 9418 Rotary Hobby Shop™
Offer good August 23, 1987 - January 2, 1988

B&D will drop rebates for its power tools and outdoor products in 1988.

Dealers search for alternatives to unworkable rebate plans

By Elizabeth Brent
NHCN staff editor

NATIONAL REPORT — Dealers hate rebates.

But until recently most home center retailers have accepted the cash or premium offers made by their suppliers as a part of doing business.

However, several chains and a number of wholesale buying groups are now taking a much tougher stand against rebates and are informing manufacturers they will no longer participate in their rebate programs.

This in turn is causing the vendors themselves to question the effectiveness of rebates and to seek alternatives.

Perhaps the most graphic illustration of this animosity was a June 8 letter sent out by Cotter & Co., the nation's largest hardware wholesale co-op, to all vendors stating that, as of January 1, 1988, Cotter would no longer accept rebates or advertise them in its direct mail circulars.

On July 28 K mart informed its small appliance vendors that it would no longer adver-

(Continued on page 75)

A recently signed dealer-member of Cotter & Co. opened a new True Value Hardware Plus unit only four blocks from an older Cotter member, Brown True Value Hardware. NHCN photo

Expansion touches off turf wars within co-ops

By an NHCN staff editor

CHICAGO — The opening last month of two new True Value units that employ Cotter & Co.'s "Stores of First Choice" remodeling and remerchandising format, just blocks from smaller, older True Value dealers on this city's north side, illustrates how fragile the concept of territorial exclusivity can be and brings into focus how difficult it is for the co-ops to ensure some level of competitive insulation for their members in a competitive market.

In urban centers around the country, co-ops are wrestling with an aging dealer base, industry executives said. To fight for consumers into the next decade and beyond, store modernization programs have become the co-ops' prime marketing tool.

And, explained one senior industry executive, as co-ops are faced with the choice of supporting dealers who won't modernize and new, entre-

(Continued on page 76)

INSIDE

U.S. firms wheel and deal for products in Pacific Rim 25

Culture adds twist to biz in East Asia 27

Electronic security market sizzles 28

Suppliers step up promos for home security products 28

NEWSBREAKS

COOK'S LUMBER IN UTAH LIQUIDATES: The family-owned company was set to close its last remaining facility in the town of Murray permanently after a final clearance sale on September 19. A total of 55 employees are affected by the liquidation. The 13-acre site, which was purchased in 1947, "is too valuable to be a lumberyard," family spokesman Todd Cook said. Cook's other outlet, a Salt Lake City home center, was shuttered in July 1986.